

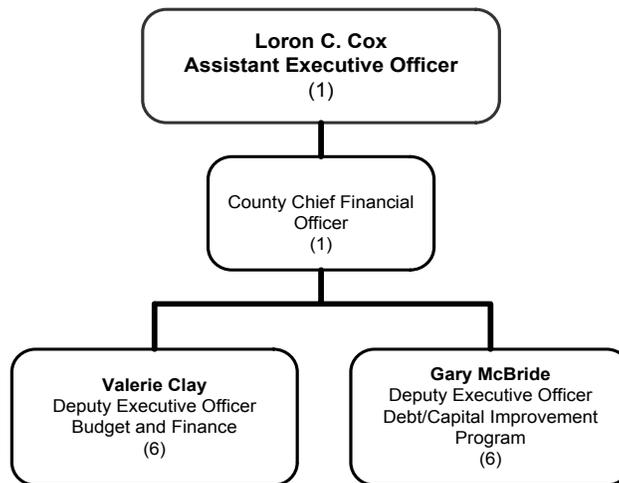
FINANCE AND ADMINISTRATION Loron C. Cox

MISSION STATEMENT

Finance and Administration provides timely and accurate financial information to the public, Board of Supervisors, Chief Executive Officer, and County departments; and strives to identify and implement best practices whenever possible while focusing on required services and responsibilities, true cost methodologies, alternative service delivery models, and high-productivity public investments.



ORGANIZATIONAL CHART



2010-11 AND 2011-12 ACCOMPLISHMENTS

- In June 2011, the Board of Supervisors adopted a budget proposal that closed a \$47.2 million gap, the first step in a multi-year process to align revenues and expenditures while putting the County in the best possible position to maintain public services and recover as the economy improves.
- In November 2011, the County Administrative Office initiated a new encumbrance review process to reduce the number of outstanding encumbrances at year-end, including automatic cancellation of encumbrances which fall under a pre-determined threshold and an ongoing review of those which exceed certain age limits.
- In February 2012, for the sixth consecutive year, the County Administrative Office was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA).
- In March 2012, the County refinanced the West Valley Detention Center lease, resulting in a \$540,000 annual savings.
- In March 2012, Standard and Poor's affirmed the County's issuer credit rating, and the long term issuer ratings on the County's Certificates of Participation and Pension Obligation Bonds; the stable outlook was also affirmed.
- In June 2012, the Board of Supervisors adopted a budget proposal that closed a \$33.2 million gap in 2012-13 and set aside \$7.1 million for future years continuing the strategic plan to bring the County into fiscal, operational, and programmatic balance.
- The 2012-13 Adopted Budget book will have a reduction of approximately 95 pages due to the reformatting and consolidation in presentation of many special revenue funds and Human Services Subsistence budget units resulting in a reduction in printing costs and administrative efficiencies.



GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

GOAL 1: CREATE, MAINTAIN, AND GROW JOBS AND ECONOMIC VALUE IN THE COUNTY.

Objective: Develop financing plans and approaches that will ensure provision of the infrastructure necessary for development and the movement of goods.

The 2012-13 strategic plan developed by the County Administrative Office (CAO) includes one-time funding of \$5.0 million to Public Works for pavement management to maintain the current pavement condition index (PCI), and \$10.15 million in support of other Public Works projects including the Lake Gregory Dam, Rim Forest Storm Drain, and a traffic signal at Valley Boulevard and Banana Avenue in the Fontana area.

GOAL 2: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER.

- Objective A: Develop and maintain a multi-year plan to address projected shortfalls in the County's budget.*
- Objective B: Develop a budget for the coming fiscal year that brings the County into fiscal balance and addresses the most pressing countywide needs.*
- Objective C: Develop a long-term budget plan which brings the County into operational and programmatic balance.*
- Objective D: Live within our means, fully funding liabilities and reserves, while forming capital to strategically invest in the future.*
- Objective E: Invest County resources in ways which create more ongoing revenue to reinvest in maintaining services.*
- Objective F: Fully fund basic operating systems.*

Measurement	2009-10 Actual	2010-11 Actual	2011-12 Target	2011-12 Actual	2012-13 Target
General Purpose Reserve as a percentage of locally funded appropriation.	10%	11%	12%	11%	12%
Variable rate debt as a percentage of total debt outstanding.	16.05%	14.42%	<25%	14.91%	<25%

Stability of the County's financial health, especially in these hard economic times, is an important goal of Finance and Administration. By maximizing the use of County resources, being vigilant regarding expenditures, billing at full cost of services, and maintaining adequate reserves, the Department strives to meet this goal. Based on the short-term and long-term forecasting of ongoing revenue and expenses, the upcoming and future fiscal years will be very challenging for the County. The 2012-13 strategic plan closes the majority of the five-year budget gap.

Beginning December 2011, the CAO began hosting Forward Planning meetings with the Office of the Auditor-Controller/Treasurer/Tax Collector, the Purchasing Department, the Information Services Department, the Human Resources Department, Land Use Services Department, and Fleet Management to discuss planning and strategic direction for internal service fund departments. Thus far, these meetings have resulted in a reconciliation of information services application maintenance and support costs and future planning requirements, which lead to the recommendation to include an additional \$1.6 million in on-going funding beginning in 2012-13 to support general fund applications at ideal levels. The 2012-13 Adopted Budget also includes \$700,000 for the Land Use Services Department to upgrade their permitting software; \$2.0 million for Public Works to fund system related costs including WINCAMS, PermitsPlus, and the Job Cost system; and \$368,000 for the Purchasing Department in support of the new electronic procurement network (ePro).

In March 2012, the County refunded the 2001/2002 Certificates of Participation (West Valley Detention Center) through a private placement to provide annual budgetary savings of \$540,000 due to the low interest rate environment and the relatively short remaining life of the current lease obligation.

In 2011-12, the Board of Supervisor's approved increasing the General Purpose Reserve target to 20% of locally funded appropriation at the beginning of each budget fiscal year and using one-time sources until the target is achieved. This General Purpose Reserve is intended for unanticipated major emergencies; to allow a transition period when key economic indicators point to a recession likely to substantially reduce County revenues and increase required safety net expenditures; and to ensure the County's ability to make debt service payments in periods of declining general purpose revenues. Currently, the County has to borrow money yearly to meet cashflow needs. The 2011-12 target was not achieved since locally funded appropriation was redefined to include ongoing operating transfers in, which increased the base.

In addition, County Policy 02-11 requires that variable rate bonds be structured to protect the County against cyclical interest rate fluctuations and limits total variable rate debt to no more than 25% of the total debt outstanding.



SUMMARY OF BUDGET UNITS

2012-13						
	Appropriation	Revenue	Net County Cost	Fund Balance	Net Budget	Staffing
General Fund						
Finance and Administration	2,640,486	0	2,640,486			14
Capital Facilities Leases	13,052,882	0	13,052,882			0
Total General Fund	15,693,368	0	15,693,368			14
Special Revenue Fund						
Disaster Recovery Fund	18,868	15,000		3,868		0
Total Special Revenue Fund	18,868	15,000		3,868		0
Total - All Funds	15,712,236	15,000	15,693,368	3,868		14

5-YEAR APPROPRIATION TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Finance and Administration	0	0	0	1,972,535	2,640,486
Capital Facilities Leases	21,812,356	20,933,394	54,640,359	16,108,391	13,052,882
Disaster Recovery Fund	77,227	394,182	173,135	209,310	18,868
Total	21,889,583	21,327,576	54,813,494	18,290,236	15,712,236

5-YEAR REVENUE TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Finance and Administration	0	0	0	0	0
Capital Facilities Leases	0	0	38,000,000	1,107,389	0
Disaster Recovery Fund	76,385	9,820	20,547	30,000	15,000
Total	76,385	9,820	38,020,547	1,137,389	15,000

5-YEAR NET COUNTY COST TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Finance and Administration	0	0	0	1,972,535	2,640,486
Capital Facilities Leases	21,812,356	20,933,394	16,640,359	15,001,002	13,052,882
Total	21,812,356	20,933,394	16,640,359	16,973,537	15,693,368

5-YEAR FUND BALANCE TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Disaster Recovery Fund	842	384,362	152,588	179,310	3,868
Total	842	384,362	152,588	179,310	3,868



Finance and Administration

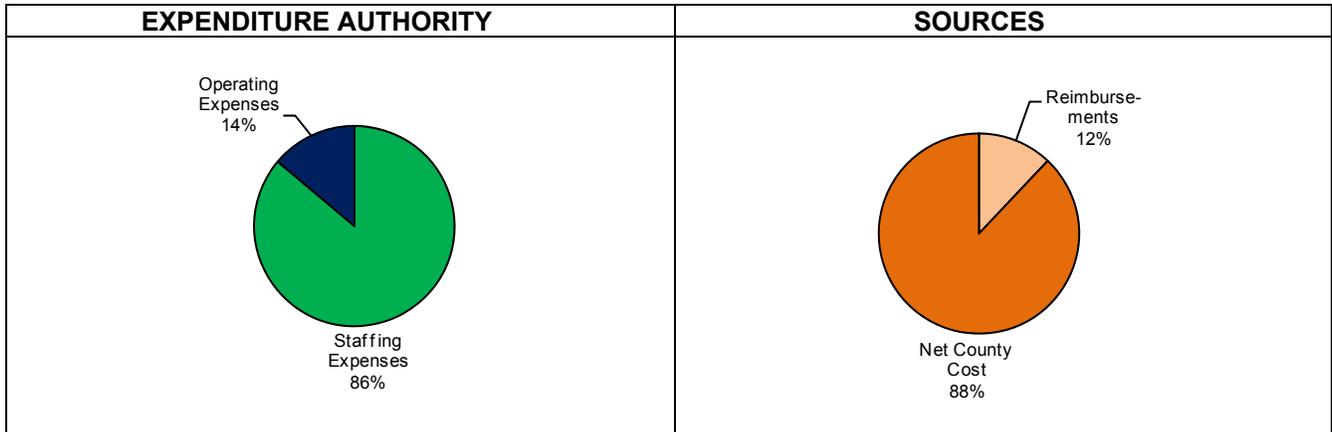
DESCRIPTION OF MAJOR SERVICES

The Finance and Administration budget unit was created in 2011-12 to centralize financial management and oversight. In alignment with priorities of the Board of Supervisors and the Chief Executive Officer, this section provides timely and accurate financial information, assists County departments in implementing best practices, and provides explanations, including alternative solutions, when best practices cannot be implemented.

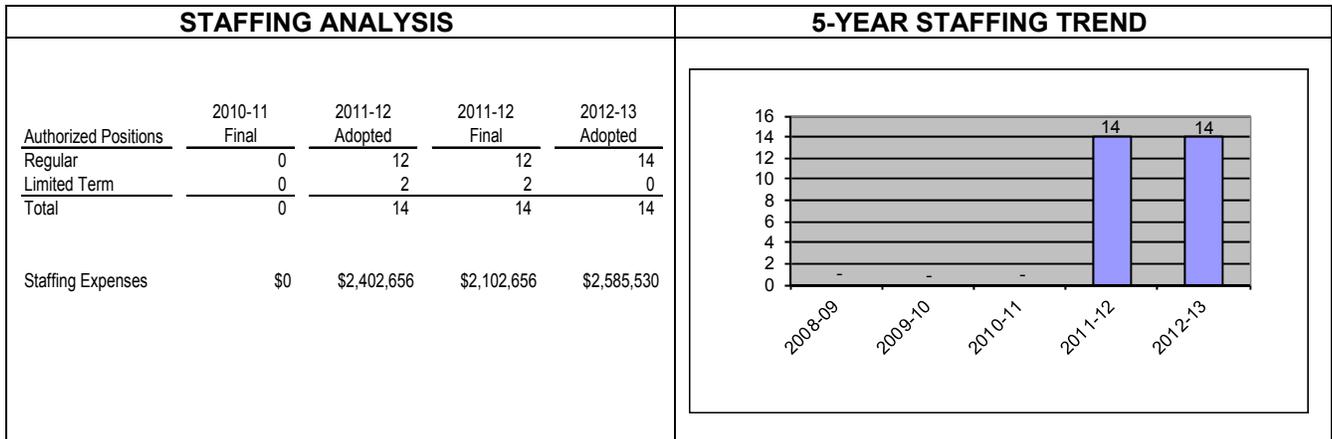
Budget at a Glance	
Total Expenditure Authority	\$3,002,344
Total Sources	\$361,858
Net County Cost	\$2,640,486
Total Staff	14
Funded by Net County Cost	88%

Finance and Administration is responsible for the preparation and administration of the County budget, including development of the five-year forecast and annual strategic plan; the administration and monitoring of the County general fund long-term debt portfolio, which includes both issuance and post-issuance activities; and oversight and administration of the County's capital improvement program.

2012-13 ADOPTED BUDGET



BUDGETED STAFFING



ANALYSIS OF 2012-13 ADOPTED BUDGET

GROUP: Administration
 DEPARTMENT: Finance and Administration
 FUND: General

BUDGET UNIT: AAA FAB
 FUNCTION: General
 ACTIVITY: Finance

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Final Budget	2012-13 Adopted Budget	Change From 2011-12 Final Budget
Appropriation							
Staffing Expenses	0	0	0	2,095,407	2,102,656	2,585,530	482,874
Operating Expenses	0	0	0	222,862	244,339	416,814	172,475
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	2,318,269	2,346,995	3,002,344	655,349
Reimbursements	0	0	0	(369,985)	(374,460)	(361,858)	12,602
Total Appropriation	0	0	0	1,948,284	1,972,535	2,640,486	667,951
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	0	0	1,948,284	1,972,535	2,640,486	667,951
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0
Total Sources	0	0	0	0	0	0	0
Net County Cost	0	0	0	1,948,284	1,972,535	2,640,486	667,951
				Budgeted Staffing	14	14	0

BUDGET CHANGES AND OPERATIONAL IMPACT

In 2012-13, appropriation is increasing by \$667,951 primarily due to budgeting for the Chief Financial Officer position, which was vacant for all of 2011-12, and therefore appropriation was reduced in the 2011-12 Fourth Quarter Budget Report. Other increases are related to retirement and short term disability, and costs associated with the replacement of two limited term positions with two regular positions; planned enhancements to the countywide BudgetPrep system; and a reduction in reimbursements from the Health Administration budget unit.

MAJOR EXPENDITURES AND REVENUE IN 2012-13 ADOPTED BUDGET

Staffing expenses of \$2,585,530 fund 14 budgeted regular positions. Operating expenses of \$416,814 include \$223,000 for systems development charges to enhance the countywide BudgetPrep system and complete the Purchase Order project. The majority of reimbursements are from Health Administration, County Fire, and Special Districts for administrative oversight.

STAFFING CHANGES AND OPERATIONAL IMPACT

The 2012-13 budget includes the addition of 2 Administrative Analyst III positions offset by the reduction of 1 Extra-Help Administrative Analyst III and 1 Public Service Employee. Over the last four years, the County Administrative Office has reduced four Administrative Analyst positions, and in the current economic climate, these positions are critical to analyze departmental revenues and expenses, and identify cost saving measures.

2012-13 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Finance and Administration	14	0	14	11	1	2	14
Total	14	0	14	11	1	2	14

Finance and Administration	
Classification	
1	Assistant Executive Officer-Finance and Administration
1	County Chief Financial Officer
2	Deputy Executive Officer
2	Principal Administrative Analyst
6	Administrative Analyst III
2	Executive Secretary III-Classified
14	Total



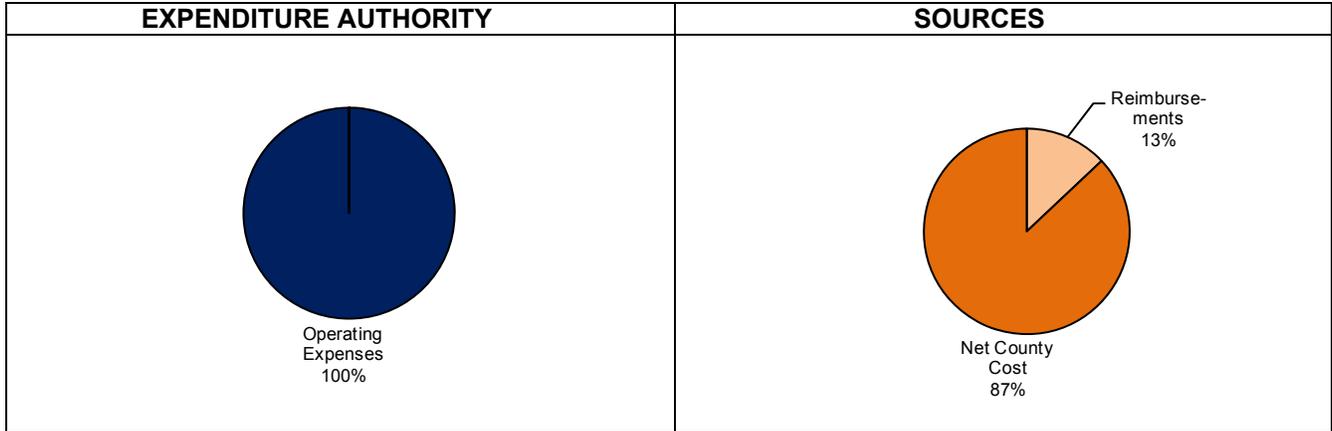
Capital Facilities Leases

DESCRIPTION OF MAJOR SERVICES

This budget unit funds the cost of long-term capital lease payments for the major County facilities financed by the general fund.

Budget at a Glance	
Total Expenditure Authority	\$14,998,418
Total Sources	\$1,945,536
Net County Cost	\$13,052,882
Total Staff	0
Funded by Net County Cost	87%

2012-13 ADOPTED BUDGET



ANALYSIS OF 2012-13 ADOPTED BUDGET

GROUP: Administration
DEPARTMENT: Finance and Administration - Capital Facilities Leases
FUND: General

BUDGET UNIT: AAA JPL
FUNCTION: General
ACTIVITY: Property Management

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Final Budget	2012-13 Adopted Budget	Change From 2011-12 Final Budget
Appropriation							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	22,406,840	22,503,854	54,214,260	17,993,260	18,202,053	14,998,418	(3,203,635)
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	22,406,840	22,503,854	54,214,260	17,993,260	18,202,053	14,998,418	(3,203,635)
Reimbursements	(2,173,150)	(1,816,051)	(2,037,795)	(1,943,662)	(1,943,662)	(1,945,536)	(1,874)
Total Appropriation	20,233,690	20,687,803	52,176,465	16,049,598	16,258,391	13,052,882	(3,205,509)
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	20,233,690	20,687,803	52,176,465	16,049,598	16,258,391	13,052,882	(3,205,509)
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	17,995	55	4,413	917,784	0	0	0
Total Revenue	17,995	55	4,413	917,784	0	0	0
Operating Transfers In	0	0	38,000,000	189,605	0	0	0
Total Sources	17,995	55	38,004,413	1,107,389	0	0	0
Net County Cost	20,215,695	20,687,748	14,172,052	14,942,209	16,258,391	13,052,882	(3,205,509)
				Budgeted Staffing	0	0	0

BUDGET CHANGES AND OPERATIONAL IMPACT

Operating expenses of \$14,998,418 represent lease payments and related fees and administrative costs for the major County assets financed by the general fund.

In 2012-13, operating expenses are decreasing by \$3,203,635 as follows:

- A \$2,284,071 reduction of one-time expenditure authority used to optionally prepay a portion of the County's outstanding principal in 2011-12, using savings from variable rate interest expense realized in 2009-10.
- A \$380,000 decrease which reflects ongoing savings achieved as a result of the 2011-12 optional prepayment using the one-time expenditure authority referred to above.
- A \$540,000 decrease which reflects ongoing savings achieved via the refinancing of the 2001-02 West Valley Detention Center certificates of participation.
- A \$436 increase in expenditure authority representing a \$1,438 decrease in the annual COWCAP charge offset by a \$1,874 increase in expenditures funded by reimbursements.

Reimbursements of \$1,945,536 reflect an increase of \$1,874 from 2011-12. This includes an increase of \$1,900 in the reimbursement from the Preschool Services Department, and a \$26 decrease in reimbursement from the Airport.



MAJOR EXPENDITURES AND REVENUE IN 2012-13 ADOPTED BUDGET

Lease payments in this budget unit for 2012-13 are:

Lease Payments:

Justice Center/Chino Airport Improvements	6,581,000
West Valley Detention Center	<u>8,090,058</u>
Subtotal	14,671,058

Other Expenditures:

Debt Administration (including Trustee Fees, Audit and Arbitrage)	215,287
COWCAP	<u>112,073</u>
Subtotal	14,998,418
Reimbursements	<u>(1,945,536)</u>
Total	<u><u>13,052,882</u></u>

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.



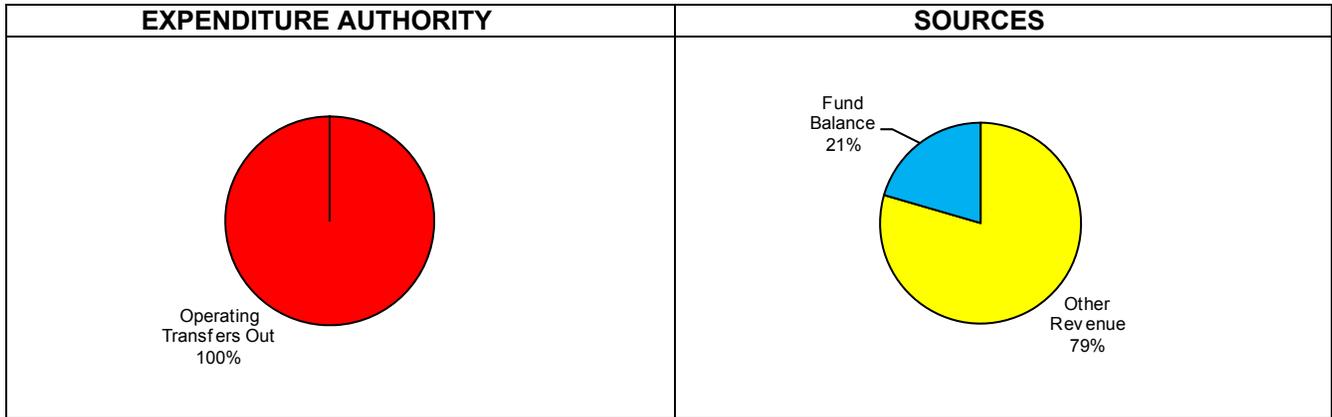
Disaster Recovery Fund

DESCRIPTION OF MAJOR SERVICES

The Disaster Recovery Fund was established to provide separate accountability for specific administrative and program costs related to the County's disaster recovery efforts which are reimbursed through state and federal funds. Prior incidents have included the Grand Prix/Old Fires in October 2003, Grass Valley/Slide Fires of October 2007, and winter storms of 1998, 2005, and 2010.

Budget at a Glance	
Total Expenditure Authority	\$18,868
Total Sources	\$15,000
Fund Balance	\$3,868
Total Staff	0

2012-13 ADOPTED BUDGET



ANALYSIS OF 2012-13 ADOPTED BUDGET

GROUP: Administration
 DEPARTMENT: Finance and Administration-Disaster Recovery Fund
 FUND: Disaster Recovery Fund

BUDGET UNIT: SFH CAO
 FUNCTION: Public Protection
 ACTIVITY: Other Protection

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Final Budget	2012-13 Adopted Budget	Change From 2011-12 Final Budget
Appropriation							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	6,587	0	0	181,303	0	(181,303)
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	0	6,587	0	0	181,303	0	(181,303)
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	6,587	0	0	181,303	0	(181,303)
Operating Transfers Out	0	0	0	0	28,007	18,868	(9,139)
Total Requirements	0	6,587	0	0	209,310	18,868	(190,442)
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	305,797	0	0	276,707	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	77,723	19,161	20,548	13,253	30,000	15,000	(15,000)
Total Revenue	383,520	19,161	20,548	289,960	30,000	15,000	(15,000)
Operating Transfers In	0	0	0	181,303	0	0	0
Total Sources	383,520	19,161	20,548	471,263	30,000	15,000	(15,000)
				Fund Balance	179,310	3,868	(175,442)
				Budgeted Staffing	0	0	0

BUDGET CHANGES AND OPERATIONAL IMPACT

This budget unit is currently used as a suspense account to track payments by state and federal agencies for reimbursable disaster recovery efforts that are then distributed to County departments. In 2011-12, this budget unit received \$181,303 from the general fund to combine with the entire unreserved fund balance in order to repay prior years' disallowed costs.

MAJOR EXPENDITURES AND REVENUE IN 2012-13 ADOPTED BUDGET

Operating transfers out of \$18,868 represent reimbursements for potential disallowed costs. Other revenue of \$15,000 represents anticipated interest earnings based on the entire fund balance which consists of restricted funds due to other agencies.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

